

## AUTHORIZATION REQUEST FOR FY 2011

**AR Title: ISSUES MANAGEMENT CRISIS RESERVE**

**Name of Contractor: National Cattlemen's Beef Association**

**CBB Budget Component: Industry Information**

### I. OVERVIEW

**A. AR Description:** This AR works to protect the checkoff investment in advertising, promotion, research, consumer information and foreign marketing and other programs that support the Long Range Plan drivers of Consumer Confidence in Beef and Industry Issues and Image from activist challenges or a major crisis impacting the industry. The funds requested to support crisis response will come from unallocated funds from FROEs that are returned. Funding will be requested only if a situation occurs that requires resources outside the available budgets of existing programs.

Motion unanimously approved by the Joint Budget Committee on November 1, 2000: *It was moved and seconded that an ongoing Authorization Request (AR), to be presented at the first meeting of the Operating Committee each year, be established to provide for crisis management and be funded by FROEs that are returned. The AR will be capped at \$1 million and be subject to the approval of the Beef Board Executive Committee.*

Motion by the Beef Promotion Operating Committee on March 11, 2004: *Jay O'Brien moved and Lowell Hobbs seconded approval of II-07-2004 Issues Management Crisis Reserve #2 – NCBA with maximum funding in the amount of \$2,000,000 contingent on CBB Executive Committee approval. Discussion, Motion passed.*

The funds requested are up to and capped at \$2,000,000. This is a contingency request and no funds can be expended without the approval of the Beef Board's Executive Committee.

### B. Costs Requested from this AR:

Source of Funding	Total	Direct Costs	Implementation
Beef Board/BPOC	\$ 2,000,000	\$ 2,000,000	\$
Federation of SBCs (FSBCs)	\$ -	\$ -	\$
Other Sources ( <i>describe</i> )	\$ -	\$ -	\$
<b>Total Funds Requested</b>	<b>\$ 2,000,000</b> Contingency	<b>\$ 2,000,000</b> Contingency	<b>\$</b>

**C. Disclosure of Implementation Costs Requested in Separate AR:**

Source of Implementation Funding	Implementation
Beef Board/BPOC	\$
Federation of SBCs (FSBCs)	\$
Other Sources ( <i>describe</i> )	\$
<b>Funds Requested in AR #TBD</b>	<b>\$</b>

**D. Start date:** October 1, 2010    **Completion date:** September 30, 2011  
 (This is a standing AR that is reviewed annually by the Operating Committee for continuance.)

**II. PLANNING INFORMATION FOR THIS AR**

**A. FY 2011 Priorities Addressed by This AR:** Educate influencers about beef and beef production

**B. Committee That Reviewed This AR:** Joint Information Committee/Joint Issues Management Subcommittee

**C. Committee Recommendations for This AR:** The Joint Information Committee and Joint Issues Management Subcommittee recommend to the Operating Committee that this AR be approved for funding in FY2011.

**III. PROGRAM INFORMATION FOR THIS AR**

**A. Strategy 1: Industry Resource -** Provide knowledge resources and guidance to help strengthen the marketing and business climate for beef.

**Strategy 1 Proposed Cost:** \$2,000,000

**Specific Tactic Information:**

- **Tactic 1A:** If a beef industry crisis situation occurs, the chair/vice chair of the Joint Issues Management Subcommittee will make a specific funding request to the Beef Board Executive Committee. Funding may be requested to establish crisis response programs going forward and/or to replenish current year program funds expended in dealing with a crisis situation when the situation required resources outside the available budgets of existing programs. Upon approval by Executive Committee, the funds may be provided.

Activation of the crisis reserve may be requested to deal with the following and similar events that represent threats to the industry's marketing and business climate, profitability and image:

- Diagnosis of a considerable number of additional cases of BSE in the U.S
  - Diagnosis of a case or cases of variant CJD in the U.S. in a resident or residents who have never been to a country with endemic BSE
  - An outbreak of Foot and Mouth Disease in the U.S
  - Large and severe and/or high profile outbreak of foodborne illness traced to beef
  - Identification of a new and virulent type of foodborne illness traced to beef
  - Acts or claims of beef product tampering and sabotage
  - Acts or claims of bio-terrorism against the U.S. cattle herd.
  - Activist group legal complaint filed with the Federal Trade Commission or with a State Attorney General against beef industry promotions and communications programs.
  - Any other event with negative potential for beef's image that creates extremely high visibility
- **Measurable objectives:**
    - Consumer perceptions of beef and of the beef industry remain positive in the face of a crisis situation.
  - **Proposed cost:** \$2,000,000

**IV. DETAILED BUDGET SUMMARY**

Strategy & Tactic	Program Manager	Completion Date	Total FY 2011 Budget	Budget by Funding Source		
				CBB/BPOC	FSBCs	Other
Crisis Reserve	J Matsen	9/30/2011	\$ 2,000,000 Contingency			
<b>Industry Resource Total</b>			<b>\$ 2,000,000 Contingency</b>			
<b>AR Totals</b>			<b>\$ 2,000,000 Contingency</b>			

**V. SUPPLEMENTAL INFORMATION**

**A. Changes from FY 2010 Approved AR:** None

**B. Subcontractor information:**

- **Name of proposed subcontractor:** Subcontractors currently involved in the beef industry issues management and public relations programs will be used in a crisis situation based on demonstrated expertise and proficiency.

- **Will all work with subcontractors be competitively bid? If not, why not?**  
Subcontractors currently involved in the beef industry issues management and public relations programs will be used in a crisis situation based on demonstrated expertise and proficiency.

**C. Identify any relationships between this AR and projects previously funded by the Operating Committee:** The Operating Committee has previously funded crisis reserve funds in the early 1990s. In FY 2000, the Operating Committee funded a Nutrition Legal Defense Crisis Reserve Fund to provide resources in the event the beef industry’s nutrition advertising and promotions program were attacked by activist groups. In FY 2004 the crisis reserve was activated to deal with the BSE crisis situation

**D. Summary of Prior Year AR Budgets and Expenses:**

Strategy	FY 2010 Approved Budgets			FY 2010 Actual Expenses (through most recent month end)		
	CBB/BPOC	FSBCs	Total	CBB/BPOC	FSBCs	Total
Industry Resource	\$ 2,000,000		\$ 2,000,000			
<b>AR Totals</b>	<b>\$ 2,000,000</b>		<b>\$ 2,000,000</b>			

**E. Historical Summary of Budgets and Expenses:**

	Total Approved Budgets			Total Actual Expenses		
	FY 2009	FY 2008	FY 2007	FY 2009	FY 2008	FY 2007
Crisis Reserve	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000			
<b>AR Totals</b>	<b>\$ 2,000,000</b>	<b>\$ 2,000,000</b>	<b>\$ 2,000,000</b>			